



press release

PUERTO RICO FEDERAL AFFAIRS ADMINISTRATION

FOR IMMEDIATE RELEASE

Governor Pierluisi Outlined Plan for State-Like Treatment on Puerto Rico's Medicaid Program

(June 1, 2021 – Washington, DC) – Today, Governor Pedro R. Pierluisi held a meeting with the Puerto Rico Health Care Working Group he established via Executive Order-2021-025 to advance Puerto Rico's health initiatives in Congress. The main purpose of the meeting was to discuss the Medicaid plan for Puerto Rico that seeks to avoid the fiscal cliff by extending state-like treatment to Puerto Rico. The discussion included several long-term projections and funding scenarios of different levels of Federal Medical Assistance Percentage (FMAP). The Medicaid state-like treatment plan for Puerto Rico is in accordance with President Biden's priorities for Puerto Rico included in his budget release last Friday.

Specifically, the President's budget included language that eliminates Medicaid funding caps for Puerto Rico and the territories while aligning their matching rate with those of the states and moving towards parity in this and other federal programs. The President's budget serves as a starting point for lawmakers to determine funding levels and national spending priorities.

Historically, Puerto Rico's Medicaid program has been underfunded compared to those states with a higher per-capita income and lower populations; this has resulted in the prevalence of chronic conditions and a lack of adequate medical infrastructure for residents of the island. Today, Puerto Rico's Medicaid program serves over 1.4 million low-income U.S. citizens, with 43.5 percent of the population below the federal poverty level (FPL). Without Congressional action the island will have a funding shortfall that would result in approximately 800,000 currently enrolled beneficiaries forced off the program. It will see a reduction in covered benefits, stress on the island-wide budget, and shortfall of healthcare providers and beneficiary flight to the mainland.

Puerto Rico's Medicaid program has an annual capped federal allotment that oscillated between \$300 - \$380 million and an FMAP of 55 percent between 2011- 2019, without the additional funding appropriated throughout the years. Without temporary increases authorized by Congress, Puerto Rico's statutorily capped federal funding amount would have been only \$360 million.

It is important to note that Congress has provided an increase in temporary funding through various different legislative vehicles like the “Affordable Care Act” (ACA) (+\$6.4 billion and an increase in FMAP from 50 percent to 55 percent), the “Consolidated Appropriations Act” (+\$0.3 billion and a 55 percent FMAP), “Bipartisan Budget Act” (BBA) (+3.6 billion and an increase in FMAP from 55 percent to 100 percent), the “Further Consolidated Appropriations Act of 2020” (FCA) (+5.3 billion with a 76 percent FMAP), and lastly the “Family First Coronavirus Response Act” (FFCRA), (an increase in FMAP from 76 percent to 82.2 percent). These recent temporary funding increases have provided short-term solutions to a long-term problem.

While these additional funding mechanisms are a short-term solution, they have allowed Puerto Rico to expand the quality of health care by providing beneficiaries additional services like comprehensive diabetes care, adequate control of high blood pressure, weight counseling for children, adults BMI screening, and women’s timely postpartum care. Furthermore, there has been expanded eligibility with up to 200,000 new members after the increase of the Puerto Rico FPL to 85 percent. An additional increase in payments to health care providers with an expansion of telehealth, an elevation of the Medicare Part B provider reimbursement, and payments to hospitals and physicians. Moreover, an increase in covered benefits with a life-saving Hepatitis C treatment for over 14,000 individuals.

“If Puerto Rico was treated as a state for purposes of Medicaid the island would be receiving over \$3 billion in FY 22 with an FMAP as high as 83 percent, meaning that Puerto Rico’s burden will be as little as 13 percent. We would also be eligible for a separate annual federal allotment of Medicaid Disproportionate Share (DSH) which helps defray the unmet cost of serving Medicaid to uninsured individuals and U.S. Citizens residing in states below 150 percent of the FPL are eligible for the Low-Income Subsidy (LIS) for Medicare Part D (for copayments and deductibles)” said Governor Pierluisi.

“I have been working relentlessly to ensure that Puerto Rico’s Medicaid and Medicare programs are funded at a level similar to the states. The President has prioritized Puerto Rico and now it’s up to Congress to act. We must address the disparities in all federal programs that have long perpetuated the unequal treatment of the U.S. citizens of Puerto Rico.” concluded Governor Pierluisi.

“We need to remove the cap the in the allotment so Puerto Rico can receive adequate, sustained funding, and apply an 83 percent FMAP according to our estimates Puerto Rico will need an allocation \$5.2 billion in federal funds to be able to begin a 5-year transition to provide services to the beneficiaries similar to their counterparts in the states. We will continue working with the Puerto Rico Working Health Care Group and the Biden-Harris Administration to make sure that Congress finds a permanent fix to our Medicaid program,” said PRFAA’s Executive Director, Carmen M. Feliciano.

Governor Pierluisi’s proposal includes several scenarios considering a baseline of a five-year projection:



- **State-like Treatment:** Funding Scenario at 83 percent FMAP at an 83 percent with a program eligibility at 85 percent FPL, this would amount to \$5.0 billion for FY 2022 in federal funding.
- **State-like Treatment:** Funding Scenario at 83 percent FMAP at an 83 percent with a program eligibility at 100 percent FPL, this would amount to \$5.1 billion for FY 2022 in federal funding.
- **State-like Treatment:** Funding Scenario at 83 percent FMAP at an 83 percent with a program eligibility at 133 percent FPL, this would amount to \$5.2 billion for FY 2022 in federal funding.

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